

M/015/041



Emery County Planning and Zoning

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Sending 5 pages, including this page. If you don't receive this number of pages or have any other problems with this FAX please call 381-5374.

To: Tony Gallegos FAX # 359-3940
~~UDOGK~~ phone # 538-5340
From: Bryant A.
Date: 13 Apr 95
Subject: Palmer Reclaim Bond

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IN FAX

MINE SITE RECLAMATION BOND PLEDGE AGREEMENT

This Mine Site Reclamation Bond Pledge Agreement ("Agreement") is made this ____ day of _____, 1992, by and between Diamond "K" and Emery County ("the County").

WHEREAS, Diamond "K" is obligated to reclaim the Disturbed Area in accordance with Diamond "K" approved Reclamation Plan, Bureau of Land Management ("BLM"), Utah Division of Oil Gas and Mining ("DOGM") and Emery County requirements.

WHEREAS, Diamond "K" is obligated to provide surety in form and amount approved by the the County and BLM, to assure reclamation of the Disturbed Area. The County shall hold the collateral so deposited as security for reclamation of the mine site, located in Section 29 Township 22 South, Range 9 East, SLCB&M, Emery County, Utah.

NOW, THEREFORE Diamond "K" and THE COUNTY AGREES AS FOLLOWS:

1. Diamond "K" agrees to conduct mine site reclamation of the Disturbed Area in accordance with implementing regulations, specified in paragraph 5 of this Agreement.
2. Diamond "K" has provided surety to assure that mine site reclamation is conducted, in form and amount acceptable to the County. The surety shall remain in full force and effect according to the terms of this Agreement unless modified by the County in writing. If Diamond "K" chooses to change any portion of the surety form, type or procedure, the County, in it's sole judgment and discretion, may approve such changes if the change meets the requirements of the Act and the County. A new bond agreement reflecting any changes may be required, if appropriate.
3. Diamond "K" has delivered, and the County hereby acknowledges receipt of a Time Certificate of Deposit ("TCD") made out to Diamond "K" and held by the County. Diamond "K" have signed Assignment of Account ("Assignment") that will irrevocably authorize the county to cash and use the surety upon default as specified in this agreement. The issuing bank has signed an acknowledgement and acceptance of the Assignments and insure clear, unencumbered ownership of the TCD's. TCD number _____ for the amount of Ten Thousand

Dollars (\$10,000) serves as surety bonds for mine site reclamation. In the event of default and subsequent withdrawal, the \$10,000 is for expenses the County will incur during the mine site reclamation.

4. Diamond "K" agrees to pay public liability and property damage claims resulting from mining as determined by the County, to the extent provided in the Utah Mined Land Reclamation Act, Utah Code Title 40-8 (1988) (the "Act").
5. Upon termination of significant mining activity, or expiration of the county Road Department's Road Encroachment Permit, or the Planning and Zoning's Mine Site Plan is declared in default, Diamond "K" shall be responsible for reclamation of the mine site area as specified in the Diamond "K" mine site plan. Reclamation shall comply with Section 9-2-6 of the County's Zoning Resolutions and with the minimum standards set forth in Utah Division of Oil, Gas and Mining's Reclamation Practices, Section R613-003-104 thru 109 which is adopted as part of this Agreement.
6. In the event that Diamond "K" fails to reclaim the minesite as specified in paragraph 5 of this Agreement, and it becomes necessary to exercise the default provisions of this agreement, the County may declare Diamond "K" in default and shall notify Diamond "K" and the ~~issuing bank or~~ bonding agent of the default conditions. The county may perform or cause to be performed all outstanding work using the proceeds of the bond for that purpose. Additionally the County may use any other appropriate means available by law to insure completion of the minesite reclamation.
7. Diamond "K"s liability under this agreement shall continue in full force and effect until the County certifies that Diamond "K" has reclaimed the Disturbed Area in accordance with Diamond "K"s Reclamation Plan and paragraph 5 of this Agreement.
8. Diamond "K" agrees to indemnify and hold harmless the BLM, the State and the County from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Diamond "K" or Diamond "K"s agents, and employees, or contractor to comply with this Agreement.
9. This Agreement shall be governed and construed in accordance with the laws of the State and County regulations.

- 10.— If Diamond "K" defaults in the performance of its obligations hereunder, Diamond "K" agrees to pay all costs and expenses, including attorneys fees and costs incurred by the County in the enforcement of this Agreement. In the event of forfeiture of the Surety, Diamond "K" shall be liable for any additional costs in excess of the surety amount which are required to comply with this Agreement. Any excess monies resulting from forfeiture of the Surety, upon completion of reclamation, restoration and compliance with this Agreement, shall be returned to the rightful claimant.
11. Any breach of the provisions of this agreement or breach of the Site Plan Contract by Diamond "K" may, at the discretion of the County, result in an order to cease mining operations. After opportunity for notice and hearing, the County, as appropriate, may order restoration and/or reclamation, or order forfeiture of the Surety, or take such other action as is authorized by law.
12. In the event that Diamond "K" sells, leases or in any other way transfers operation of this minesite, this Agreement remains in force and is binding upon any other parties so involved.
13. Each signatory below represents that he/she is authorized to execute this Agreement on behalf of the named party.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

DIAMOND "K"

Phillip Palmer, President

EMERY COUNTY BOARD OF COMMISSIONERS

Commissioner Mark Justice, Chairman



Western Surety Company

CONTINUATION CERTIFICATE

Western Surety Company hereby continues in force Bond No. ~~10000000~~
briefly described as Surface Restoration, County of Emery, Utah

on behalf of Phillip Palmer dba Diamond K

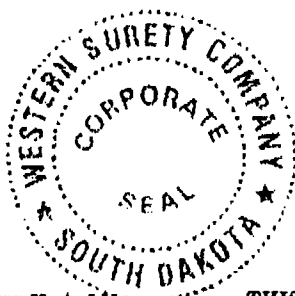
in the sum of \$ 10,000.00 Dollars, for the term beginning April 8, 1993 and
ending April 8, 1994, subject to all the covenants and conditions of the original bond
referred to above.

This continuation is issued upon the express condition that the liability of Western Surety Company under
said Bond and this and all continuations thereof shall not be cumulative and shall in no event exceed the total sum
above written.

Dated this 30th day of December, 19 92.

WESTERN SURETY COMPANY

By 
Joe P. Kirby, President



Form 90-A-8-86

THIS "Continuation Certificate" MUST BE FILED WITH THE ABOVE BOND